

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Voluntary - Public

Date: 5/20/2010

GAIN Report Number: AS1016

Australia

Post:

Canberra

Australia 2010 Vintage Harvest Update

Report Categories:

Wine

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Report Highlights:

Two recent Australian reports underscore the low level of 2009/10 wine grape production. An April 29 ABARE report maintains the ABARE forecast for 2009/10 wine grape production at 1.617 million metric tons. This is in line with Post's current forecast. On May 17, the Winemaker's Federation of Australia (WFA), the peak industry body, published their forecast for the 2009/10 production at 1.533 million metric tons.

General Information:

Two recent Australian reports underscore the low level of 2009/10 wine grape production. An April 29 ABARE report http://www.abare.gov.au/publications_html/crops/crops_10/winegrapes.pdf maintains the ABARE forecast for 2009/10 wine grape production at 1.617 million metric tons. This is in line with Post's current forecast.

On May 17, the Winemaker's Federation of Australia (WFA), the peak industry body, published their forecast for the 2009/10 production at 1.533 million metric tons. Both organizations emphasize that these are estimates and that final year production estimates will not be available until October 2010. Most industry contacts that Post has spoken with are inclined towards the lower estimate, with some even going lower. The WFA report can be found at http://www.wfa.org.au/resources/1/Reports/2010_WFA_Vintage_Report.pdf A short, but very hot spell in November affected grapes at flowering. In addition, there has been some level of vine pull that contributed to the reduced production. Finally, late season rains in February and early March, just prior to harvest, had a limited impact on some un-harvested grapes, particularly white varieties.

Recent statements by WFA representatives <http://www.theaustralian.com.au/news/heard-on-the-grapevine-vintage-great-and-cheap/story-e6frg6n6-1225867940547> highlight the drop in production but also claim that overall growing conditions were quite good and that the 2010 vintage is likely to be excellent. According to the WFA data, red grape intake dropped 8 percent compared to 2009 while white grape intake dropped even further at 15 percent. The most affected was chardonnay grapes with a drop in production of 24 percent from 414,000 MT in 2009 to 315,000 MT in 2010.

Assuming this data is confirmed in October, this drop in production will reduce somewhat Australia's oversupply of wine and result in a reduction of ending stocks overhanging the market. This is particularly true of chardonnay wine. In the past 15 months, Australia exports of Chardonnay wine, particularly of bulk wine has surged (see [GAIN 2010 Wine Annual](#)).

In a related topic, the Australian wine industry successfully lobbied against the imposition of volumetric taxes on wine. The wine industry argued that the imposition of such taxes would have significantly raised prices and cut into domestic sales and winery profitability. The industry strongly opposed these new taxes during a time when the industry is struggling with declining value of wine exports and growing wine imports hurting sales. A WFA press release on the subject with their analysis on the potential impact is located at <http://www.wfa.org.au/resources/1/Media%20releases/WFA%20response%20to%20Henry%20Review.pdf>.

The two reports offer a differing view on the potential for Australia to cut wine grape harvests over the next few years. The ABARE report projects that wine grape production will increase in each of the next two years to the 1.78 million metric ton level. ABARE assumes good growing conditions for both years while wine grape bearing area holds steady.

As previously reported, the WFA is engaged in a significant effort to work with Australian wine grape growers in an effort to reduce in-efficient and lower quality wine grape production. This effort began in November 2009 with WFA holding meetings across the country. The WFA will reportedly release a report outlining the outcomes of their grower meetings.

Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at:
<http://www.fas.usda.gov/scripts/AttacheRep/default.asp>.

Title of Report	Date
Ag DownUnder	05/14/10
Dairy and Products Semi Annual	05/14/10
Beef Grading Agreement Opens Way for Increased Beef Exports to Chile	05/05/10
Sugar Annual 2010	04/15/10
Cotton and Products Annual	03/29/10
Grain and Feed Annual	03/16/10
Wine Annual 2010	03/01/10
Livestock and Products Semi-annual 2010	03/01/10
Government announces Ag Research Initiative to Increase Productivity & Cut Carbon Emissions by 50 percent	02/18/10
Australian Container exports rise	02/02/10